

In the Matter of)	No. G 98 - 16
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
MSC LIFE INSURANCE COMPANY,)	AND ORDER ADOPTING REPORT
)	
)	
A Domestic Insurer. _____		

BACKGROUND

An examination of the financial condition of **MSC LIFE INSURANCE COMPANY** (the Company) as of December 31, 1996, was conducted by examiners of the Washington state Office of the Insurance Commissioner (OIC). The company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions and comments and recommendations was transmitted to the Company for its comments on December 30, 1997.

The Commissioner or a designee has considered the report, the relevant portions of the examiner's work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 4 through 17 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **MSC LIFE INSURANCE COMPANY** and to

order the company to take the actions described in the Instructions section of the report.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on page 3:

1. The Company is instructed to revise the indemnity provisions of its custodial agreement to comply with NAIC guidelines, RCW 48.05.250, and WAC 284-07-050.
2. The Company is instructed to maintain a written record, in permanent form, showing authorization by an officer of the Company of the acquisition of securities, as required by RCW 48.13.350.
3. The Company is instructed to formally draft an intercompany agreement with MSC Service Corporation describing services rendered and the reimbursement methodology for those services and file the contract with the Office of the Insurance Commissioner, as required by RCW 48.31B.030(1)(b)(iv).

ENTERED at Lacey, Washington, this 27th day of February, 1998.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division